



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
FLEMING COUNTY CLERK**

Calendar Year 2000

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE FLEMING COUNTY CLERK

Calendar Year 2000

The Fleming County Clerk's 2000 fee audit revealed no reportable internal control or compliance issues. The Clerk's office received operating revenue from various sources, including a state grant of \$22,268 for a delinquent tax indexing system. The Clerk's office generated excess fees of \$89,421, which represents net income of the office after paying all operating expenses for the year. Excess fees are payable to the County Fiscal Court. The Clerk has paid all excess fees due for calendar year 2000.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Homer Hurst, Fleming County Judge/Executive

Honorable Marilyn A. Spencer, Fleming County Clerk

Members of the Fleming County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Fleming County, Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Homer Hurst, County Judge/Executive
Honorable Marilyn A. Spencer, Fleming County Clerk
Members of the Fleming County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated May 4, 2001, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
May 4, 2001

FLEMING COUNTY
MARILYN A. SPENCER, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

State Grants		\$	22,268
State Fees For Services			5,027
Fiscal Court			4,864
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	383,455	
Usage Tax		1,444,329	
Tangible Personal Property Tax		828,994	
Licenses-			
Fish and Game		15,269	
Marriage		4,175	
Deed Transfer Tax		20,406	
Delinquent Tax		23,818	2,720,446
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts	\$	10,678	
Real Estate Mortgages		17,108	
Chattel Mortgages and Financing Statements		52,035	
Powers of Attorney		302	
All Other Recordings		12,570	
Charges for Other Services-			
Copywork		7,217	99,910
Other:			
Refunds	\$	5,826	
Miscellaneous		2,387	8,213
Interest Earned			2,759
Total Receipts		\$	2,863,487

FLEMING COUNTY
 MARILYN A. SPENCER, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 286,610

Usage Tax 1,399,087

Tangible Personal Property Tax 300,736

Licenses-

Fish and Game 14,998

Marriage License 1,210

Delinquent Tax 2,925

Legal Process Tax 13,515 \$ 2,019,081

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 94,096

Delinquent Tax 4,457

Deed Transfer Tax 19,386 117,939

Payments to Other Districts:

Tangible Personal Property Tax \$ 400,649

Delinquent Tax 9,822 410,471

Payments to Sheriff 1,085

Payments to County Attorney 3,411

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies Salaries \$ 81,627

Part-Time Salaries 5,466

Contracted Services-

Advertising 94

Materials and Supplies-

Office Supplies 7,137

FLEMING COUNTY
 MARILYN A. SPENCER, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Disbursements (Continued)

Other Charges-			
Conventions and Travel	\$	2,349	
Dues		400	
Postage		3,205	
Refunds		8,585	
Miscellaneous		9,656	
Libraries and Archives Grant		22,268	
Capital Outlay-			
Office Equipment		<u>10,150</u>	\$ 150,937
Debt Service:			
Lease Purchases			<u>6,842</u>
Total Disbursements			<u>\$ 2,709,766</u>
Net Receipts			\$ 153,721
Less: Statutory Maximum			<u>59,306</u>
Excess Fees			\$ 94,415
Less: Expense Allowance	\$	3,600	
Training Incentive Benefit		<u>1,394</u>	<u>4,994</u>
Excess Fees Due County for Calendar Year 2000			\$ 89,421
Payments to County Treasurer- January 22, 2001	\$	79,331	
May 4, 2001		<u>10,090</u>	<u>89,421</u>
Balance Due at Completion of Audit			<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statement.

FLEMING COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

FLEMING COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2000
 (Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

Note 4. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$22,268. Funds totaling \$22,268 were expended during calendar year 2000. The unexpended grant balance is \$0 as of December 31, 2000.

Note 5. Leases

Commitments to the following lease agreements as of December 31, 2000 are:

Item Purchased	Monthly Payment	Term of Agreement	Ending Date	Principal Balance December 31, 2000
Copier	\$ 143	60 months	March 2003	\$ 3,848
Copier	\$ 368	60 months	July 2003	\$ 11,227

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
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Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Fleming County Clerk as of December 31, 2000, and have issued our report thereon dated May 4, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Fleming County Clerk's financial statement as of December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fleming County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
May 4, 2001

